

Virginia Department of Mines, Minerals and Energy
Virginia Gas and Oil Board

Minutes and results of hearing, July 15, 2003

Board members present: Mr. Brent, Mr. Harris, Mr. McIntyre, Mr. Mitchell, Mr. Wampler

1. The Board received a quarterly report on the board escrow account as administered by First Union Bank, Escrow Agent for the Virginia Gas and Oil Board. The account balance as of March 31, 2003 was \$6,948,114.37. During the quarter, deposits totaling \$479,601.20 and interest totaling \$18,260.86 were credited to the account. The account was debited for \$151,563.84 in disbursements which had been approved by the Board. The closing balance on June 30, 2003 was \$7,294,412.59.

2. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AW-100, Hurricane District, Buchanan County, Virginia. VGOB-03-0715-1157.

In the AW-100 unit, the operator controls 100% of the coal interests and 96.5% of the gas interests, and seeks to pool the remaining 3.5% of the gas interests. Unleased gas acreage subject to pooling totals 2.06 net acres in two tracts with three unleased owners. There are conflicting claimants and unlocated owners subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on March 5, 2003. Pooling was approved.

3. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AX-100, Hurricane District, Buchanan County, Virginia. VGOB-03-0715-1158.

In the AX-100 unit, the operator controls 100% of the coal interests and 92.7% of the gas interests, and seeks to pool the remaining 7.3% of the gas interests. Unleased gas acreage subject to pooling totals 4.3 net acres in three tracts with over 50 unleased owners. There are conflicting claimants and unlocated owners subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on March 28, 2003, and a well has been drilled and completed. Pooling was approved.

4. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AX-117, New Garden District, Russell County, Virginia. VGOB-03-0715-1159.

In the AX-117 unit, the operator controls 100% of the coal interests and 99.9% of the gas interests, and seeks to pool the remaining 0.1% of the gas interests. Unleased gas acreage subject to pooling totals 0.05 net acres in three tracts with four unleased owners. There are conflicting claimants and unlocated owners subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was

issued on January 22, 2003, and a well has been drilled and completed. Pooling was approved.

5. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AX-118, New Garden District, Russell County, Virginia. VGOB-03-0715-1160.

In the AX-118 unit, the operator controls 97.4% of the coalbed methane and gas interests, and seeks to pool the remaining 2.6% of the interests. Unleased acreage subject to pooling totals 1.55 acres in one tract with one unleased owners. There are conflicting claimants subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on July 23, 2002, and a well has been drilled and completed. Pooling was approved.

6. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BB-34, Garden District, Buchanan County, Virginia. VGOB-03-0715-1161.

In the BB-34 unit, the operator controls 98.65% of the coalbed methane and gas interests, and seeks to pool the remaining 1.35% of the interests. Unleased acreage subject to pooling totals 1.08 acres in one tract with one unleased owner. There are no conflicting claimants or unlocated owners subject to escrow. A permit to drill the unit was issued on September 30, 2002, and a well has been drilled and completed. Pooling was approved.

7. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BB-102, Hurricane District, Buchanan County, Virginia. VGOB-03-0715-1162.

In the BB-102 unit, the operator controls 100% of the coal interests and 98.5% of the gas interests, and seeks to pool the remaining 1.5% of the gas interests. Unleased gas acreage subject to pooling totals 0.9 net acres in two tracts with 26 unleased owners. There are conflicting claimants and unlocated owners subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on December 9, 2002, and a well has been drilled and completed. Pooling was approved.

8. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BB-104, Hurricane and New Garden Districts, Buchanan County and Russell County, Virginia. VGOB-03-0715-1163.

In the BB-104 unit, the operator controls 100% of the coal interests and 99.9% of the gas interests, and seeks to pool the remaining 0.1% of the gas interests. Unleased gas acreage subject to pooling totals 0.08 net acres in one tract with 24 unleased owners. There are conflicting claimants and unlocated owners subject to escrow. A permit to drill the unit was issued on June 3, 2002, and a well has been drilled and completed. Pooling was approved.

9. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of coalbed methane unit VC-505206, Sandlick District, Dickenson County, Virginia. VGOB-03-0715-1164.

In the VC-505206 unit, the operator controls 100% of the coal interests and 96.9% of the gas interests, and seeks to pool the remaining 3.1% of the gas interests. Unleased gas acreage subject to pooling totals 1.8 net acres in one tract with one unleased owners. There are conflicting claimants and unlocated owners subject to escrow. A permit to drill the unit was issued on February 26, 2003. Pooling was approved.

The deadline for filing of petitions to the Board for the August 2003 hearing is 5 p.m., July 18, 2003 with the hearing scheduled for 9 a.m. on Tuesday, August 19, 2003 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.